

1 OCT 1968

Chief, ISD/Support Staff

Chief, Supply Division, OL

Property Accounting and Processing Procedures for ISD/Material Branch

MEMO : (a) Memorandum for the Record dated 17 August 1964, Prepared by Deputy Chief, ISD/Support Staff, Subject: Property Accounting Procedures for Selected Items Processed through the ISD 958 Type II Account

(b) Memorandum dated 17 June 1964 from Chief, ISD to SSA/IDS, Subject: Request for IDS Assistance

(c) Memorandum dated 6 August 1964 from Acting Director of Logistics to Chief, ISD, Subject: Request for IDS Assistance

1. In response to your request for assistance contained in reference (b) we submit the following recommendations in connection with your property accountability problems.

2. We see nothing irregular with the pricing principle discussed in reference (a), paragraph 7e and the footnote thereto, provided one of the following alternatives is coordinated with the Office of Finance where necessary, adopted, and strictly enforced:

a. To insure that proper costing is effected, we recommend that the Property Procurement Allotment (5398-2500) be by-passed and the procurement be charged directly to your appropriate financial analysis account. This would accomplish the necessary costing and allotment reduction on an initial basis, and it would keep the expenditure of funds in line with the budgeted programs. It would require that the budget authority be in the form of funds rather than in the form of property requisitioning authority which would require the approval of Office of Budget, Program Analysis and manpower.

b. In the event that the above alternative is not acceptable or approved, every effort must be made to insure that, in every instance when an expenditure is charged to the Property Procurement Allotment, the property requisitioning authority of the appropriate financial analysis account is charged by an amount equal to the expenditure. This, of course, is a more cumbersome method than the direct funding and costing mechanism suggested

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in paragraph a. above.

We agree that an arbitrary price for a finished item must be arrived at since inclusion of development or modification costs would cause the price of the item to be prohibitive and, further, that it is not appropriate to pass such costs on to a customer under the cost accounting concepts of the Agency. If one of the alternatives cited above can be adopted and if you feel that a price of \$37.50 is a distinctive one for your purposes, we have no objection to your using it since it establishes the item under the accountable property criteria and brings it into the control mechanisms required by regulation.

3. We agree also that because of the relatively low nominal price, no attempt should be made to establish new procedures or to modify existing procedures to provide for releases at no cost by Type I installations. Paragraph 40 of [] deals with the no-cost releases of nonexpendable property to the same property-in-use account, or to the same financial analysis account, within one year of turn-in to stock. The determination of applicability of the criteria is the responsibility of the Chief of Station and the Accountable Officer at the Type I activity. In another instance, paragraph 38 of [] provides for the issue of excess property at no cost under certain circumstances defined therein. In addition to requiring the approval of the Chief of Station, the property to be issued free must be declared to be excess by Headquarters. This provision gives your office the opportunity to recommend to Supply Division that the item be declared excess at the time shipment is effected or to have it declared excess at some later date. In either set of circumstances (paragraph 38 or paragraph 40 of []), the mechanics for issue or releases at no cost are available in existing regulations and procedures.

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4. With regard to the other aspects of accountability for "separated equipment" and other supply actions taken by your office, we have some procedural recommendations which we believe will assist in streamlining your logistical operation and reducing the attendant paperwork. We offer these recommendations for your evaluation and application.

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5. Paragraphs 4 through 8 of reference (a) outline the procedures to be followed by Account 998 in documenting the actions taken when an item loses its identity through merger with another item. This circumstance is one of several which constitutes

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termination of accountability under the provisions of [] goes on to set out those special issue transactions which shall be supported by a Certificate of Expenditure "approved by the Operating Official or his designee". Although merger of items and assembly of items into kits are not included in these transactions, and the requirement for a Certificate of Expenditure in paragraph 6a of [] would seem to be in conflict, it is not of great importance to the recommendation we wish to offer. In order to relieve the Chief and Deputy Chief of TSD from this type of administrative sign-off responsibility, we recommend that the approving authority required by [] be delegated by the Chief of TSD to the Deputy Chief, TSD/Support Staff. A sample delegation document is attached for your convenience. This will permit the Deputy Chief, TSD/Support Staff, to approve the many routine transactions which will occur and yet not close the door on any exceptional cases which he feels should be approved by Chief, TSD.

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6. Following closely, and with the same transactions in mind, our next recommendation concerns certain changes in the preparation of documentation to support such transactions. As an example, our survey noted that on 31 July 1964 Documents 114, 115, 116, and 117 were prepared to record a merger of items. Documents 114 and 115 dropped a Philips and Sony Receiver, respectively, and each document had an approved Certificate of Expenditure. Documents 116 and 117 picked up these items again, except under their new nomenclature. All four transactions could have been accomplished with one Form 1330 by listing the merging items and their value as a "decrease" and the merged or new items and their value as an "increase", with an appropriate explanation in the "Remarks" column. This method reduces the typing operation, the logging, the filing, and the number of signatures and still it accomplishes the intent of MBS [] without departing from the form prescribed therein. We recommend, therefore, that related transactions be consolidated on one Form 1330 document wherever possible and particularly when they occur at the same point in time.

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7. Another recommendation addresses itself to that area of supply action and accountability documentation which arises when items, other than "selected equipment", are requisitioned against Account 998 but are subsequently reshipped, and accountability is transferred to other stations throughout the world. The items under

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discretion are those which are not intended for retention by Account 958, but are predetermined for overseas points at the time they are ordered. Such items are usually non-stock and, consequently, it is not the intention of TSD that they be documented or placed in the system as stock items. A closely related consideration is that of costing. TSD wishes to absorb the costs in its own accounts rather than for the consignee station to be costed. To insure that these desires are accomplished, the items are requisitioned against and costed to Account 958 and transferred later.

6. This system has some major drawbacks. First of all, it has the effect of making Account 958 a holding and an issuing activity which is beyond the intended mission of a Type II installation. Secondly, this creates the responsibility for a considerable amount of supply action and documentation which should not be placed on Account 958 personnel and which they are not adequately equipped to handle from a manpower standpoint. For example, Document 78 records the acquisition of a quantity of items for redistribution to overseas installations. Documents 80, 81, 82, 83, 84, 85, 86, and 87 represent the redistribution of these items with each document effecting a transfer of accountability to a separate installation. In another instance, Document 76 records the acquisition of an item, and Documents 88, 89, 90, 91, 92, 93, 94, and 95 represent the transfers. In each case (Documents 80 through 95), it was necessary to prepare a set of Form 1130 to record the transfer in the books of Account 958 and to provide pick-up documentation for the gaining installation. These 16 sets of documents were in addition to the initial documentation, posting, filing, material handling, and storage required to pick up accountability and to accept the material into Account 958, and they generated an additional amount of typing, filing, and distribution which was not necessary to the accomplishment of the end.

9. In order to accomplish the aims of TSD, it is necessary initially to differentiate between that "stock" which is usually thought of as items with an active issue experience, a level, and a reader point (REC-1) and "stock" which might be a one-shot order but is brought into the stock system to facilitate redistribution (REC-0). In the latter case, the REC-0 code indicates that the item or its level is "tentative". It might become a stock item or it might not, but for documentary and transfer purposes the item is in a "stock" status.

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10. Another point to be clarified is that of costing. If it is the desire of TSD to have the items costed to one of its own financial analysis accounts rather than to that of the ultimate consignee, such costing can be accomplished without bringing the material into Account 958 and transferring accountability from there. As long as the TSD financial analysis number is cited on a requisition, costs will be charged there regardless of who originates the requisition or who is designated as consignee.

11. With these two points in mind, we recommend that requisitions for this type of material be prepared by TSD/MS/LOG in the form of an Allocation 61 stock requisition (replenishment or establishment) rather than as an Account 958 requisition. When the item is new to the system, an SAR should be prepared to accompany the requisition showing that the item is to be coded NCC-0 and be placed in Allocation 61. Upon receipt of the items, they will be inspected and held in allocation at [redacted]. At such later time as the redistribution pattern is determined, Headquarters-originated requisitions can be prepared on behalf of each consignee installation by TSD/MS/LOG. Each requisition will indicate that accountability is to be transferred and will cite the appropriate TSD MM number. After coordination with the Army Division concerned, these requisitions can be passed to Supply Division/CL for processing, at which time TSD is no longer concerned with any documentation. This procedure also removes Account 958 from the action and allows its personnel to concentrate on that accounting which is purely 958 business.

12. A further refinement to this system develops when the redistribution pattern is known in advance of ordering the equipment. In that instance, the individual consignee requisitions (Headquarters TSD-originated) can accompany the stock requisition. The stock requisition will be processed for procurement, and each consignee requisition will be placed in a due-cut status. Upon receipt of the item from the vendor, shipment will be effected by Supply Division against the due-cut without further reference to TSD. Although this system would be particularly effective when the redistribution pattern is firm, it would lose some of its value if some or all of those consignee requisitions need to be amended or cancelled prior to delivery of the material to the depot. Which of the two systems would be used would necessarily depend upon the best judgement available in TSD/MS. In either set of circumstances,

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however, the objective of the recommendation is to take Account 998 out of the storage and transfer business and allow it to concentrate its efforts on the accountability for the material used in TSD Headquarters elements and which items are actually under its responsibility and control.

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13. We wish to express our appreciation for the cooperation and assistance afforded [redacted] during his visit. If you wish to discuss the recommendations further or if you observe areas where additional simplification is workable, we shall be glad to work with you to whatever extent is necessary.

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Attachment:
Sample Delegation of Authority

Distribution:

Orig. & 1 - Addressee v/attachment
① - SEA/MSB v/attachment
1 - CI/SD v/attachment
1 - CI/SD/PSB (Official) v/attachment

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CI/SD/PSB

[redacted] (29 September 1964)

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DELEGATION OF AUTHORITY

(Note)

In accordance with the provisions of [redacted] 25X1A
authority is delegated to _____, _____ (Title)
to approve Certificates of Expenditure prepared in support of special
issues of material assets as defined in [redacted]

In his absence, this approving authority is delegated to
[redacted] (Name) _____ (Title)
This authority is effective with the date of this document and
shall continue until rescinded by a subsequent delegation.

Chief, Technical Service Division

ATTACHMENT

GROUP 1
Excluded from automatic
downgrading and
declassification

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